



Patrick W. Henning, Director  
April 10, 2008  
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Arnold Schwarzenegger  
Governor

Mr. Dan Lindheim, PhD. JD., Agency Director  
Community and Economic Development Agency  
City of Oakland  
250 Frank H. Ogawa Plaza, Suite 3315  
Oakland, CA 94612

Dear Mr. Lindheim:

WORKFORCE INVESTMENT ACT  
85-PERCENT PROGRAM REVIEW  
FINAL MONITORING REPORT  
PROGRAM YEAR 2007-08

This is to inform you of the results of our review for Program Year (PY) 2007-08 of the City of Oakland Workforce Development Unit's (City of Oakland) Workforce Investment Act (WIA) 85-Percent grant program operations. We focused this review on the following areas: Board composition, One-Stop delivery system, program administration, WIA activities, participant eligibility, local program monitoring of subrecipients, grievance and complaint system, and management information system/reporting.

This review was conducted by Mr. David Hinojosa and Mr. David Jansson from October 15, 2007 through October 19, 2007.

Our review was conducted under the authority of Sections 667.400 (a) and (c) and 667.410 of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by the City of Oakland with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding program operations for PY 2007-08.

We collected the information for this report through interviews with City of Oakland representatives, service provider staff, and WIA participants. In addition, this report includes the results of our review of selected case files, the City of Oakland's response to Section I and II of the Program On-Site Monitoring Guide, and a review of applicable policies and procedures for PY 2007-08.

We received your response to our draft report on February 22, 2008, and reviewed your comments and documentation before finalizing this report. Because your response did not adequately address finding 1 or finding 2 cited in the draft report, we consider these findings unresolved. We request that the City of Oakland provide the Compliance Review Division (CRD) with additional information to resolve the issues that led to the findings. Therefore, these findings remain open and have been assigned Corrective Action Tracking System (CATS) numbers 80060 and 80061.

## **BACKGROUND**

The City of Oakland was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. For PY 2007-08, the City of Oakland was allocated: \$2,088,632 to serve 472 adult participants; \$2,112,675 to serve 477 youth participants; and \$1,389,260 to serve 337 dislocated worker participants.

The City of Oakland subcontracted with the Oakland Private Industry Council (OPIC) to administer the WIA program and to act on the City of Oakland's behalf for reporting and program oversight of the WIA. The OPIC is responsible for submitting participant and expenditure reports to the State.

For the quarter ending September 2007, OPIC reported the following expenditures for the City of Oakland's WIA programs: \$272,975 for adult participants; \$368,989 for youth participants; and \$249,455 for dislocated worker participants. In addition, OPIC reported the following enrollments: 280 adult participants; 280 youth participants; and 174 dislocated worker participants. We reviewed case files for 30 of the 499 adult and dislocated worker participants enrolled in the WIA program as of October 15, 2007.

## **PROGRAM REVIEW RESULTS**

While we concluded that, overall, the City of Oakland is meeting applicable WIA requirements concerning grant program administration, we noted instances of noncompliance in the following areas: MOUs and WIB composition. The findings that we identified in these areas, our recommendations, and the City of Oakland's proposed resolution of the findings are specified below.

### **FINDING 1**

**Requirement:** 20 CFR Section 662.300(a) states, in part, that the MOU is an agreement developed and executed between the Local Board, with the agreement of the chief elected official, and the One-Stop

partners relating to the operation of the One-Stop delivery system in the local area. The MOU must contain the provisions required by WIA Section 121(c)(2) which states, in part, that each MOU shall contain provisions describing the services provided through the One-Stop delivery system; the costs of the services and the operating costs; methods for referring participants to the appropriate services and activities; and the duration of the memorandum and the procedures for amending the memorandum.

**Observation:** We observed that the City of Oakland does not have MOUs between the Oakland WIB and its required partners. The MOUs currently in place are between OPIC and the Employment Development Department, the Department of Rehabilitation and Job Corps.

**Recommendation:** We recommended that the City of Oakland provide a CAP, with a timeline, to ensure that the WIB execute MOUs with all required partners, and once the MOUs have been executed, provide copies to CRD.

**City of Oakland Response:** The City of Oakland stated that it subcontracted with OPIC to administer the WIA program, serve as One-Stop Operator, and that OPIC is responsible for securing an executed MOU with all required partners. The City of Oakland enclosed a memorandum from OPIC that includes a copy of the umbrella MOU signed by five of eleven current partners listed. The City of Oakland stated that the OPIC memo states that all signatures will be secured by March 13, 2008.

**State Conclusion:** Based on the City of Oakland's response, we cannot resolve this issue at this time. To date, the City of Oakland and OPIC have not executed an MOU with the remaining six One-Stop partners. Although the City of Oakland has made progress by providing a copy of an umbrella MOU with signatures from OPIC, as the One-Stop System Administrator, the Employment Development Department, the City of Oakland Community Action Agency and the Department of Rehabilitation, it has not provided CRD with signed MOUs with the other required partners identified on the signature page. Specifically, the remaining partners include the Alameda County Social Services Agency, the Job Corps, the Oakland Housing Authority, the Oakland Unified School District Adult Education Department, the Peralta Community College

District, and the United Indian Nations, Inc. We again recommend that the WIB execute MOUs with the remaining partners, and once the MOUs have been executed, provide copies to CRD. Until then, this issue remains open and has been assigned CATS number 80060.

## **FINDING 2**

- Requirement:** WIA Section 117(b)(4) requires, in part, that each local board shall have a majority of the members representing business in the local area.
- Observation:** We observed that the WIB does not have a business majority. The WIB has 37 members of which 18 members are from the business community. As a result, one additional business member is needed to establish a business majority.
- Recommendation:** We recommended that the City of Oakland provide a CAP, including a timeline, describing the steps that it is taking to obtain a business majority on the WIB and provide CRD with a copy of the WIB roster after the business vacancy is filled.
- City of Oakland Response:** The Mayor of Oakland recently invited seven local chambers of commerce to provide recommendations for business members to the WIB. The Mayor will use these recommendations to make appointments to the WIB, restoring its business majority, no later than March 31, 2008.
- State Conclusion:** Based on the City of Oakland's response, we cannot resolve this issue at this time. To date, the City of Oakland has not provided CRD with a copy of the WIB roster showing a business majority. In addition, during the WIA Fiscal and Procurement Monitoring Review conducted February 25, 2008 through February 29, 2008, we noticed little activity by the WIB for PY 2007-08. We continue to recommend that the City of Oakland provide CRD with a copy of the WIB roster after the business vacancy is filled. Until then, this issue remains open and has been assigned CATS number 80061.

We provide you up to 20 working days after receipt of this report to submit your response to the Compliance Review Division. Because we faxed a copy of this report to your office on the date indicated above, we request your response no later than May 8, 2008.

Mr. Dan Lindheim, PhD. JD.

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April 10, 2008

Please submit your response to the following address:

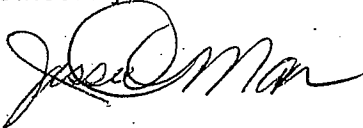
Compliance Monitoring Section  
Compliance Review Division  
722 Capitol Mall, MIC 22M  
P.O. Box 826880  
Sacramento, CA 94280-0001

In addition to mailing your response, you may also FAX it to the Compliance Monitoring Section at (916) 654-6096.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is the City of Oakland's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain the City of Oakland's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Mr. Jim Tremblay at (916) 654-7825 or Mr. David Hinojosa at (916) 653-4322.

Sincerely,



JESSIE MAR, Chief  
Compliance Monitoring Section  
Compliance Review Division

cc: Shelly Green, MIC 45  
Jose Luis Marquez, MIC 50  
Dathan O. Moore, MIC 50  
Linda Palmquist, MIC 50